



2109 Timberlane Drive • Florence, SC 29506 • Phone 843.662.0753 • FAX 843. 673.9013

April 1, 2005

VIA FEDERAL EXPRESS DELIVERY

Public Service Commission of South Carolina
Docketing Department
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RECEIVED
2005 APR -4 AM 8:54
SO FLORENCE
COMMUNICATIONS

RE: Application of CUC, Inc. for Rate Increase

Dear Sir or Madam:

Enclosed for filing please find an original and 16 copies of the Application of CUC, Inc. for Approval of a New Schedule of Rates and Charges for Water and Sewerage Service Provided to Customers in all areas served. I have enclosed one extra copy of this application, which I would ask you to date stamp and return to me in the enclosed postage paid envelope.

Please contact me if you have any questions or if I may provide you with any additional information. Thank you for your assistance.

Sincerely yours,

CUC, Inc.

Billy F. Burnett
President

cc: Mr. Dukes Scott with copy of Application

Enclosures

173425
2005-1-3-05

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005-87-W/S

SO. CAROLINA
PUBLIC SERVICE
COMMISSION
2005-1-1 11:07

IN RE:

Application of CUC, Inc. for Approval)
of New Schedule of Rates and Charges for)
Water and Sewerage Service Provided to its)
Customers at Callawassie Island and Spring Island)
in Beaufort County, South Carolina)

**APPLICATION FOR
RATE INCREASE**

CUC, Inc. ("CUC") hereby applies to the South Carolina Public Service Commission for approval of an increase in its existing rates and charges pursuant to South Carolina Public Service Commission's rules and regulations and S.C. Code Ann. §58-5-240 (Law. Co-op. Supp. 1995). In support of its application, CUC provides the following information:

1. CUC is a closely held corporation organized and existing under the laws of the State of South Carolina and is a public utility within the meaning of S.C. Ann. 58-5-10(3) (Law. Co-op. 1976). CUC furnishes sewer collection and sewer treatment service and water distribution service to 1050 water customers and 584 sewer customers on Callawassie Island and Spring Island in Beaufort County under the schedule of rates approved by the Commission in Order Number 92-114, Docket Number 91-041-W/S, dated February 27, 1992.
2. Because CUC has experienced increased operating expenses, an increase in rates is a necessity. And therefore, pursuant to S.C. Code Ann. §58-5-240, CUC respectfully applies for the approval of a new schedule of rates

and charges for water and sewerage service provided to its residential and commercial customers in all areas served. Notice of its intention to file the new schedules was given more than the required thirty days prior to this application.

3. CUC's last rate increase was approved on February 27, 1992, and was based on the level of operating expenses experienced in 1990.
4. Applicant proposes a test year of January 1, 2004 to December 31, 2004 and has prepared certain financial documents relating to that time period in support of the application, which documents are attached hereto and incorporated herein by this reference as Exhibits A through H. These financial statements include the following:
 - a. **EXHIBIT A**
PROPOSED SCHEDULE OF RATES AND CHARGES.
 - b. **EXHIBIT B**
BALANCE SHEET DECEMBER 31, 2004.
 - c. **EXHIBIT C**
PROFORMA INCOME & EXPENSE STATEMENTS
OPERATING MARGINS FOR THE TEST YEAR 2004
ADJUSTMENTS FOR THE TEST YEAR 2004.
 - d. **EXHIBIT D**
COMPARATIVE INCOME & EXPENSE STATEMENTS
FOR 2003 AND THE TEST YEAR 2004.
 - e. **EXHIBIT E**
PROPOSED REVENUES
 - f. **EXHIBIT F**
CURRENT CUSTOMER BILL FORM.
 - g. **EXHIBIT G**
MOST RECENT APPROVAL LETTERS FROM THE
SOUTH CAROLINA DEPARTMENT OF HEALTH AND
ENVIRONMENTAL CONTROL.

5. There is on file with this Commission a performance bond given to satisfy the requirements of S.C. Code Ann. §58-5-720 (Supp. 2000)
6. A map depicting Applicants current service area is on file with the Commission.

NEED AND JUSTIFICATION FOR RATE RELIEF AND RATE SCHEDULE MIDIFICATION

The purpose of the proposed increase in rates and charges are five-fold:

- A. During the twelve months test year ending December 31, 2004, the Company lost \$37,642. The Operating Margin is negative (6.1%). After adjustment for known and measurable changes, the loss is \$160,756 and Operating Margin is negative (31.05%).
- B. Since the last Commission-approved rate adjustments, the Company instituted a 401K plan for all employees. This was necessary in order to keep the trained and qualified employees that we have.
- C. CUC buys its water from Beaufort-Jasper Water and Sewer Authority ("BJWSA"). During the test year 2004, one portion of the BJWSA meter was not accurately registering the water quantity. It is estimated the water will cost us an additional \$32,007 for the same amount of water.

D. The current rates, under which the Company is now operating, were approved on February 27, 1992, a difference of thirteen (13) years. The Commission granted a negative operating margin of negative (155%) in that decision.

E. It is the responsibility of the stockholders/management to maintain the financial integrity of the utility. There currently are no funds to provide for proper maintenance, upgrades, and additions on a system that is twenty-five years old; or, to meet requirements by the Department of Health and Environmental Control, (DHEC) or natural hazards which may occur on coastal properties. We contend that these funds are direly needed to properly maintain the quality of service to which our customers are entitled.

7. All communication or inquiries regarding this application should be directed as set forth below:

a. **Applicant's Representative:**

Mr. Billy F. Burnett
President
2109 Timberlane Drive
Florence, SC 29506
(843) 662-0753
(843) 673-9013 FAX

b. **Legal Counsel**

Mr. Steven G. Mikell
310 West Pine Street
Florence, SC 29501
(843) 669-6262
(843) 669-6343 FAX

c. **Accountant**

Joe Maready
161 Darby Way
West Columbia, SC 29170
(803) 739-8542
(803) 739-8542 FAX

Therefore, having fully set forth its application, CUC prays that the Commission approve the rates proposed and grant to applicant such other further relief as the Commission may deem just and proper.

Respectfully submitted,

Mikell Law Firm

By: 

Steven G. Mikell, Esquire
Mikell Law Firm
310 West Pine Street
Florence, SC 29501
(843) 669-6262

Attorney for CUC, Inc.

Florence, South Carolina
This 29th day of March, 2005

EXHIBIT A

Proposed Schedule of Rates and Charges

EXHIBIT A

CUC, INC.

PROPOSED SCHEDULE OF RATES AND CHARGES

WATER

1. Monthly Charges

Residential, Commercial, and Irrigation

Base Facilities Charge

by Meter Size	5/8"x 3/4" Meter	\$	20.00
	1" Meter	\$	25.00
	1.5" Meter	\$	30.00
	2" Meter	\$	35.00

Commodity Charge: \$ 3.70 per 1000 gallons

2. Nonrecurring Charges

Existing Water Tap-In Fee (New Connections Only)

- A. 5/8"x 3/4" Meter \$525.00
- B. 1" Meter \$700.00
- C. Meter tap fees for meters larger than 1" will be negotiated on a cost plus service basis.

3. Notification, Account Set-Up, and Reconnection Charges

A. Notification Fee:

A fee of four dollars (\$4.00) shall be charged each customer to whom the utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

B. Customer Account Charge -

New Customers Only

\$13.50

A one-time fee to defray the cost of initiating service.

C. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty-five dollars (\$35.00) shall be due prior to the utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the

EXHIBIT A

service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

4. Late Penalty Charge

Company may charge a late-payment penalty up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission rule.

5. NSF Check Charge

Company may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission rule.

6. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

SEWER

1. Monthly Charges

Residential and Commercial

Base Facilities Charge

by Meter Size	5/8"x 3/4" Meter	\$	20.00
	1" Meter	\$	25.00
	1.5" Meter	\$	30.00
	2" Meter	\$	35.00

Commodity Charge: \$ 3.70 per 1,000 gallons
All customers will be billed for sewer service at the base facilities charge or 100% of the water bill, whichever is greater.

Customers that receive water service from BJWSA will be charged based on their consumption as determined by BJWSA meter readings.

2. Nonrecurring Charges

EXHIBIT A

Existing Sewer Tap-In Fee (New Connections Only)

A. 5/8"x 3/4" Meter	\$625.00
B. 1" Meter	\$700.00
C. 1-1/2" Meter	\$900.00
D. 2" Meter	\$1,000.00

3. Notification, Account Set-Up, and Reconnection Charges

A. Notification Fee:

A fee of four dollars (\$4.00) shall be charged each customer to whom the utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

B. Customer Account Charge - New Customers Only

\$13.50

A one-time fee to defray the cost of initiating service.

C. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred and fifty dollars (\$250.00) shall be due prior to the utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if sewer service has been disconnected at the request of the customer.

4. Late Penalty Charge

Company may charge a late-payment penalty up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission rule.

5. NSF Check Charge

Company may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission rule.

6. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

EXHIBIT B

Balance Sheet December 31, 2004

EXHIBIT B

CUC, INC.

BALANCE SHEET DECEMBER 31, 2004

CURRENT ASSETS

Cash in Bank	\$ 26,313	
Customer Accounts Receivable	\$ 32,948	
Grinder Stations on Hand	\$ 4,058	
Total Current Assets:		\$ 63,319

FIXED ASSETS

Sewer Plant	\$ 111,000	
Sewer Pump Stations	\$ 38,346	
Sewer Mains	\$ 82,209	
Water Mains	\$ 49,043	
Total Fixed Assets	\$ 280,598	
Less: Depreciation Reserve	\$ (276,376)	
Total Net Plant		\$ 4,222

OTHER ASSETS

Vehicles	\$ 88,060	
Equipment	\$ 60,062	
Total Other Assets:	\$ 148,122	
Less: Depreciation Reserve	\$ 108,625	
Total Other Assets - Net:		\$ 39,497

TOTAL ASSETS

\$ 107,038

CURRENT LIABILITIES

Accounts Payable	\$ 21,845	
Accrued Wages & Withholdings	\$ 2,747	
Current Portion Long Term Debt	\$ 9,167	
Total Current Liabilities:		\$ 33,759

Notes Payable - Vehicles - Net \$ 18,333

SHAREHOLDERS EQUITY

Capital Stock	\$ 25,500	
Contributed Capital - Water Taps	\$ 326,450	
Contributed Capital - Sewer Taps	\$ 196,200	
Retained Earnings	\$ (493,204)	
Total Shareholders Equity		\$ 54,946

TOTAL LIABILITIES AND EQUITY

\$ 107,038

EXHIBIT C

Proforma Income & Expense Statements

Operating Margins for the Test Year 2004

Adjustments for the Test Year 2004

EXHIBIT C

CUC, INC. PROFORMA INCOME & EXPENSE STATEMENTS OPERATING MARGINS FOR THE TEST YEAR 2004

Column Number =====>

	(1)	(2)	(3)	(4)	(5)
	PRO FORMA				
	PER BOOKS	AND	AFTER	EFFECT OF	AFTER
	TOTAL	ACCOUNTING	ADJUST-	PROPOSED	ADJ. PROPOSED
	OPERATIONS	ADJUSTMENTS	MENTS	INCREASE	No. INCREASE
REVENUES					
Water	\$ 180,048	0	\$ 180,048	\$ 122,421	(21) \$ 302,469
Sewer	\$ 147,565	0	\$ 147,565	\$ 129,924	(22) \$ 277,489
Irrigation	\$ 191,762	0	\$ 191,762	\$ 103,813	(23) \$ 295,575
Water Tap Fees	\$ 23,450	\$ (23,450)	(1) 0		0
Sewer Tap Fees	\$ 15,925	\$ (15,925)	(2) 0		0
Availability Fees - Water	\$ 23,484	\$ (23,484)	(3) 0		0
Availability Fees - Sewer	\$ 20,784	\$ (20,784)	(4) 0		0
EPA Charges	\$ 3,760	\$ (3,760)	(5) 0		0
Late Charges	\$ 2,558	\$ (2,144)	(6) \$ 414		\$ 414
Billing Adjustments	\$ (2,357)	2,357	(7) 0		0
Grinder Stations - Net	\$ 10,210	\$ (10,210)	(8) 0		0
Miscellaneous	\$ 251	0	\$ 251		\$ 251
Interest Income	\$ 70	\$ (70)	(9) 0		0
TOTAL REVENUES	\$ 617,510	\$ (97,470)	\$ 520,040	\$ 356,158	\$ 876,199
EXPENSES					
Salaries, Wages, Benefits	\$ 263,502	\$ 1,781	(10) \$ 265,283	0	\$ 265,283
Purchased Water	\$ 114,435	\$ 32,007	(11) \$ 146,442	0	\$ 146,442
Electric Power for Sewer	\$ 40,874	0	\$ 40,874	0	\$ 40,874
Tap-on Expenses - Water	\$ 4,790	\$ (4,790)	(12) 0	0	0
Tap-on Expenses - Sewer	\$ 1,000	\$ (1,000)	(13) 0	0	0
Repairs & Maintenance	\$ 104,142	\$ (50,854)	(14) \$ 53,288	0	\$ 53,288
Insurance	\$ 74,221	\$ 22,661	(15) \$ 96,882	0	\$ 96,882
Taxes - other than Income	\$ 8,412	\$ (338)	(16) \$ 8,074	\$ 2,532	(24) \$ 10,606
Office & Related Expenses	\$ 29,514	\$ 1,209	(17) \$ 30,723	0	\$ 30,723
Depreciation	\$ 13,505	\$ 7,771	(18) \$ 21,276	0	\$ 21,276
Interest	0	\$ 1,407	(19) \$ 1,407	0	\$ 1,407
Miscellaneous	\$ 756	0	\$ 756	0	\$ 756
Rate Case	0	\$ 2,900	(20) \$ 2,900	0	\$ 2,900
Income Taxes	0	0	0	\$ 69,773	(25) \$ 69,773
TOTAL EXPENSES	\$ 655,151	\$ 12,754	\$ 667,905	\$ 72,305	\$ 740,210
OPERATING INCOME (LOSSES)	\$ (37,641)	\$ (110,224)	\$ (147,865)	\$ 283,854	\$ 135,989
OPERATING MARGINS (LOSSES)	-6.10%		-28.43%		15.52%

EXHIBIT C

CUC, INC.

ACCOUNTING AND PROFORMA ADJUSTMENTS FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2004

Column Number ----->

	(1) Water Tap Fees	(2) Sewer Tap Fees	(3) Availa- bility Fees Water	(4) Availa- bility Fees Sewer	(5) EPA Charges	(6) Late Charges	(7) Billing Adjust- ments	(8) Grinder Station Losses
DESCRIPTION OF ADJUSTMENTS								
Company proposes to eliminate water and sewer tap fee revenues from total revenues for rate making purposes. Note that an equal amount of expenses are deducted below so that the revenues for tap fees collected and the related tap cost equal zero.	(23,450)	(15,925)						
When a lot is sold to a buyer, a contract is agreed that the buyer will pay availability fees until a house is built and the owner begins paying monthly rates approved by the Commission. These availability fees are not regulated by the PSC of South Carolina and are, therefore, deleted from revenues.			(23,484)	(20,784)				
The Company proposes to remove DHEC recoupment fees from this case. These fees were required to be passed on to customers as a separate line item on the utility bill.					(3,760)			
To delete Late Charges that apply to Availability Fees.						(2,144)		
Add adjustments to Availability accounts back to revenues							2,357	
During the year, the Company had a gain from the sale of grinder stations. These contracts are not approved by this Commission and are deleted.								(10,210)
TOTAL ADJUSTMENTS	(23,450)	(15,925)	(23,484)	(20,784)	(3,760)	(2,144)	2,357	(10,210)

ADJUSTMENT NUMBERS ON PAGE 1: (1) (2) (3) (4) (5) (6) (7) (8)

EXHIBIT C

CUC, INC.

ACCOUNTING AND PROFORMA ADJUSTMENTS FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2004

Column Number ----->	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Interest	Salaries	Water	Tap-on	Tap-on	Repairs &	Insur-	Taxes
	Income	and	Purchased	Expense	Expense	Mainte-	ance	Other Than
DESCRIPTION OF ADJUSTMENTS		Benefits		Water	Sewer	nance	Expense	Income
The Company received interest income from cash in the bank. This income is deleted as non-regulated income.	(70)							
Four field employees were given a 3% raise effective July 2004. The total includes the wage increase and related FICA and 401K.		1,781						
To adjust for water cost due to under-billing by the wholesale supplier.			32,007					
In adjustments (1) and (2) above, tap-on revenues were deleted from total revenues per Commission practice. Company proposes to delete test year costs associated with the tap installations (Total equals \$39,375).				(4,790)	(1,000)	(33,585)		
In adjustment Number (5) above, the Company proposes to remove revenues associated with DHEC required recoupment fees. Company proposes to delete DHEC related cost from expenses.						(3,760)		
During the test year, the Company leased its three service trucks and monthly lease payments were deducted as expenses. At the end of the lease, in December 2004, the Company purchased the trucks. The amounts for the lease payments are deducted from expenses.						(13,509)		
To annualize Insurance cost for the test year. This includes primarily family coverage on all employees.							22,661	
To true-up gross receipts tax to include regulated revenues only.								(338)
TOTAL ADJUSTMENTS	(70)	1,781	32,007	(4,790)	(1,000)	(50,854)	22,661	(338)
ADJUSTMENT NUMBERS ON PAGE 1:	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)

EXHIBIT C

CUC, INC.
ACCOUNTING AND PROFORMA ADJUSTMENTS
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2004

Column Number ----->	(1)	(2)	(3)	(4)
	Office & Related Expense	Depre- ciation Expense	Interest Expense	Rate Case Expense

DESCRIPTION OF ADJUSTMENTS

To annualize postage expense for the year based on regulated customer mailings throughout the year. This adjustment also eliminates any cost of mailing bills to non-regulated customers.

1,209

To annualize depreciation on all plant in service as of December 31, 2004. This includes depreciation on the service trucks acquired in December 2004.

7,771

To annualize interest expense on three trucks purchased in December 2004 of the test period.

1,407

To allocate Rate Case Expenses of \$14,500 over a five-year period.

2,900

<u>TOTAL ADJUSTMENTS</u>	1,209	7,771	1,407	2,900
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ADJUSTMENT NUMBERS ON PAGE 1:	(17)	(18)	(19)	(20)
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EXHIBIT C

CUC, INC. ACCOUNTING AND PROFORMA ADJUSTMENTS FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2004

Column Number ----->	(1)	(2)	(3)	(4)	(5)
	Proposed Water Revenues	Proposed Sewer Revenues	Proposed Irrigation Revenues	Gross Receipts Taxes	Income Taxes
<u>DESCRIPTION OF ADJUSTMENTS</u>					
To adjust Water Revenues based on Company's proposed Water Rates.	122,421				
To adjust Sewer Revenues based on Company's proposed Sewer Rates.		129,924			
To adjust Irrigation Service Revenue based on the Company's proposed Irrigation Rates.			103,813		
To increase Gross Receipts Taxes based on the above proposed increases. The rate used is the Commission rate used for assessments in 2004.				2,532	
To show the Income Tax effect based on taxable income on the proposed revenues and expenses after the proposed increase above.					69,773
<u>TOTAL ADJUSTMENTS</u>	<u>122,421</u>	<u>129,924</u>	<u>103,813</u>	<u>2,532</u>	<u>69,773</u>
ADJUSTMENT NUMBERS ON PAGE 1:	(21)	(22)	(23)	(24)	(25)

EXHIBIT D

Comparative Income & Expense Statements

for 2003 and the Test Year 2004

EXHIBIT D

CUC, INC.
COMPARATIVE INCOME & EXPENSE STATEMENTS
FOR 2003 AND THE TEST YEAR 2004

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
SERVICE REVENUES:		
Water Revenues	\$ 395,293	\$ 346,364
Sewer Revenues	\$ 165,992	\$ 154,173
Water Tap Fees	\$ 23,450	\$ 22,800
Sewer Tap Fees	\$ 15,925	\$ 10,000
EPA Charge Revenues	\$ 3,759	\$ 3,619
Service Charge Past Due Accounts	\$ 2,558	\$ 2,287
Total Service Revenues	\$ 606,977	\$ 539,243
OTHER REVENUES - NET		
Grinder Stations Revenues	\$ 19,250	\$ 38,500
Grinder Stations Purchased	\$ (9,040)	\$ (41,208)
Net Other Revenues (losses)	\$ 10,210	\$ (2,708)
OTHER MISCELLANEOUS INCOME:		
Discounts Taken	\$ 27	\$ 4
Miscellaneous Income	\$ 224	\$ 1,035
Interest Income	\$ 70	\$ 387
Total Other Miscellaneous Income	\$ 321	\$ 1,426
TOTAL REVENUES:	\$ 617,508	\$ 537,961
LESS: OPERATING EXPENSES		
Operating & Administrative Expenses	\$ 641,647	\$ 584,797
Interest Expense	0	\$ 685
Depreciation Expense	\$ 13,506	\$ 8,626
Total Operating Expenses	\$ 655,153	\$ 594,108
OPERATING PROFITS (LOSSES):	\$ (37,645)	\$ (56,147)

EXHIBIT E

Proposed Revenues

EXHIBIT E

CUC, INC.

PROPOSED REVENUES

WATER SERVICE

	PROPOSED		REVENUES		INCREASE	
	BASE CHARGE	COMMODITY CHARGE	PRESENT	PROPOSED	AMOUNT	PERCENT

Domestic/Commercial Water (page 3)

3/4 Inch	\$ 20.00	\$ 3.70	\$180,046.59	\$302,468.89	\$ 122,422.30	67.99%
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Irrigation (Separately Metered) (Pages 3 thru 5)

3/4 Inch	\$ 20.00	\$ 3.70	\$161,742.24	\$253,271.63	\$ 91,529.39	56.59%
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1 Inch	\$ 25.00	\$ 3.70	\$ 21,368.73	\$ 30,788.91	\$ 9,420.18	44.08%
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1 1/2 Inch	\$ 30.00	\$ 3.70	\$ 2,824.69	\$ 3,826.53	\$ 1,001.84	35.47%
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2 Inch	\$ 35.00	\$ 3.70	\$ 5,826.39	\$ 7,688.34	\$ 1,861.95	31.96%
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SUBTOTALS			\$191,762.05	\$295,575.42	\$ 103,813.37	54.14%
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TOTALS			\$371,808.64	\$598,044.31	\$ 226,235.67	60.85%
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Water Tap-In Fees

3/4 Inch	\$ 525.00
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1 Inch	\$ 800.00
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Meter tap fees for meters larger than
1" will be negotiated on a
cost plus service basis.

SEWER SERVICE

	PROPOSED		REVENUES		INCREASE	
	BASE CHARGE	COMMODITY CHARGE	PRESENT	PROPOSED	AMOUNT	PERCENT

Domestic / Commercial Sewer (Page 6)

Base charge of \$20.00 per month
or 100% of the water bill,
whichever is greater

\$147,565.00 \$277,489.20 \$ 129,924.20 88.05%

Sewer Tap-In Fees

3/4 Inch Water Meter \$ 625.00
1 Inch Water Meter \$ 700.00
1 1/4 Inch Water Meter \$ 800.00
1 1/2 Inch Water Meter \$ 900.00
2 Inch Water Meter \$1,000.00

**PROPOSED
DOMESTIC and COMMERCIAL WATER**

	Present	Proposed
Average Usage (Gallons in Thousands)		5,289
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		5,289
Multiply by Commodity Rate		<u>\$ 3.70</u>
Commodity Charge		\$ 19.57
Basic Facility Charge		\$ 20.00
Add: Commodity Charge		<u>\$ 19.57</u>
Total Projected Monthly Charges per Customer		\$ 39.57
Multiply by EOY Customers		<u>637</u>
Monthly Revenue		\$ 25,205.74
Multiply by 12 Months		<u>12</u>
Annualized Domestic & Commercial Water Service Revenue	\$180,046.59	\$ 302,468.89

**PROPOSED
IRRIGATION WATER
3/4" METER**

	Present	Proposed
Average Usage (Gallons in Thousands)		9,411
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		9,411
Multiply by Commodity Rate		<u>\$ 3.70</u>
Commodity Charge		\$ 34.82
Basic Facility Charge		\$ 20.00
Add: Commodity Charge		<u>\$ 34.82</u>
Total Projected Monthly Charges per Customer		\$ 54.82
Multiply by EOY Customers		<u>385</u>
Monthly Revenue		\$ 21,105.97
Multiply by 12 Months		<u>12</u>
Annualized Irrigation Water Service Revenue - 3/4" Meter		\$ 253,271.63

**PROPOSED
IRRIGATION WATER
1" METER**

	Present	Proposed
Average Usage (Gallons in Thousands)		20,981
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		20,981
Multiply by Commodity Rate		<u>\$ 3.70</u>
Commodity Charge		\$ 77.63
Basic Facility Charge		\$ 25.00
Add: Commodity Charge		<u>\$ 77.63</u>
Total Projected Monthly Charges per Customer		\$ 102.63
Multiply by EOY Customers		<u>25</u>
Monthly Revenue		\$ 2,565.74
Multiply by 12 Months		<u>12</u>
Annualized Irrigation Water Service Revenue - 1" Meter		\$ 30,788.91

**PROPOSED
IRRIGATION WATER
1-1/2" METER**

	Present	Proposed
Average Usage (Gallons in Thousands)		78,075
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		78,075
Multiply by Commodity Rate		<u>\$ 3.70</u>
Commodity Charge		\$ 288.88
Basic Facility Charge		\$ 30.00
Add: Commodity Charge		<u>\$ 288.88</u>
Total Projected Monthly Charges per Customer		\$ 318.88
Multiply by EOY Customers		<u>1</u>
Monthly Revenue		\$ 318.88
Multiply by 12 Months		<u>12</u>
Annualized Irrigation Water Service Revenue - 1-1/2" Meter		\$ 3,826.53

**PROPOSED
IRRIGATION WATER
2" METER**

	Present	Proposed
Average Usage (Gallons in Thousands)		77,121
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		77,121
Multiply by Commodity Rate		<u>\$ 3.70</u>
Commodity Charge		\$ 285.35
Basic Facility Charge		\$ 35.00
Add: Commodity Charge		<u>\$ 285.35</u>
Total Projected Monthly Charges per Customer		\$ 320.35
Multiply by EOY Customers		<u>2</u>
Monthly Revenue		\$ 640.70
Multiply by 12 Months		<u>12</u>
Annualized Irrigation Water Service Revenue - 2" Meter		\$ 7,688.34
<hr/>		
TOTAL PROJECTED WATER REVENUE		\$ 598,044.31

**PROPOSED
DOMESTIC / COMMERCIAL SEWER**

	Present	Proposed
<u>Domestic / Commercial Sewer Customers</u>		
Base charge of \$20.00 per month or 100% of the water bill, whichever is greater EOY Customers	584	
Average Usage (Gallons in Thousands)		5,289
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		5,289
Multiply by Commodity Rate		\$ 3.70
Commodity Charge		<u>\$ 19.57</u>
Basic Facility Charge		\$ 20.00
Add: Commodity Charge		<u>\$ 19.57</u>
Total Projected Monthly Charges per Customer		\$ 39.57
Multiply by EOY Customers		<u>560</u>
Monthly Revenue		\$ 22,158.81
Multiply by 12 Months		<u>12</u>
Annualized Sewer Service Revenue - 560 Customers	\$141,276.29	\$ 265,905.70
NOTE: CUC presently has 24 domestic sewer customers that their domestic water service is provided by BJWSA and domestic sewer service is provided by CUC. These 24 customers are included in the 584 EOY total above. Proposed Revenue for these 24 customers is calculated as follows: Their bills will be calculated using BJWSA meter readings.		
Average Usage (Gallons in Thousands)		5,465
Less Minimum Usage (Gallons in Thousands)		<u>0</u>
Balance, Subject to Commodity Charge		5,465

26			
27	Multiply by Commodity Rate	\$	3.70
28	Commodity Charge	\$	20.22
29			
30	Basic Facility Charge	\$	20.00
31	Add: Commodity Charge	\$	20.22
32	Total Projected Monthly Charges per Customer	\$	40.22
33			
34	Multiply by EOY Customers		24
35	Monthly Revenue	\$	965.29
36			
37	Multiply by 12 Months		12
38	Annualized Sewer Service Revenue - 24 Customers	\$ 6,288.71	\$ 11,583.50
39			
40	TOTAL SEWER REVENUE	\$147,565.00	\$ 277,489.20
41			
42	TOTAL PROJECTED REVENUES		\$ 875,533.51

EXHIBIT F

Current Customer Bill Form

CUC, Inc.
99 Utility Court
Callawassie Island
Okatie, SC 29909

DUE DATE	ACCOUNT NUMBER
01/15/2005	[REDACTED]
AMOUNT DUE	PAYMENT ENCLOSED
\$ 29.94	

Please indicate amount enclosed
Please DO NOT Send Cash

ADDRESS CORRECTION REQUESTED

[REDACTED]
[REDACTED]

Callawassie Is.
Okatie, SC 29909

Make check or money order payable to:

CUC, Inc.
99 Utility Court
Callawassie Island
Okatie, SC 29909

PEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT



CUC INVOICE

PHONE (843) 987-2727

CUC, Inc.
99 Utility Court
Callawassie Island
Okatie, SC 29909

BILLING FOR: [REDACTED]
LOT NO. 17HP

ACCOUNT NUMBER	[REDACTED]
BILL ISSUE DATE	01/01/2005
DATE DUE	01/15/2005

TYPE CUSTOMER: Water

Charges are for the month of December

Meter Readings		Charges	
Present Reading	481,270	Water Amount	\$ 29.94
Previous Reading	473,000		
Consumption	8,270		
Last Payment Received			
Last Payment	\$35.07		
Last Payment Date	12/09/2004	Balance Due	\$ 29.94

[REDACTED]

EXHIBIT G

Most Recent Approval Letters From the
South Carolina Department of Health and
Environmental Control



WASTEWATER TREATMENT PLANT
FACILITY EVALUATION INSPECTION
REPORT

Low Country EQC District
104 Parker Drive
Burton, SC 29906
843-846-1030
843-846-0604 - Fax

NPDES #: ND0062235

Outfall: 001

Inspection Date: 02/04/2005

Facility Name: Callawassie
Development WWTF

Effective Permit Dates:

I-10/1/98-----9/30/08

Owner Name, Address and Phone:

Billy Burnett
CUC, Inc. 2109 Timberlake Dr.
Florence, SC 29506
County: Beaufort

Name and Grade of

Operator on Site: Ricky Bozard, D-
Operator of Record: Billy Burnett, A
Marshall Bishop, C-8979
Phone 843-669-0130, 987-2727,
Cell 321-0352

Field Observations

Rating

Field Parameters

Effluent Results

Permit	Satisfactory
Records and Reports	Satisfactory
Operator's Log	Satisfactory
Self-Monitoring	Satisfactory
Operator of Record	Satisfactory
Flow Measurement	
Bar Screen	Satisfactory
Grinder	
Grit Removal	
Primary Sedimentation	
Trickling Filter	
Aeration	Satisfactory
Secondary Sedimentation	Satisfactory
Digester	Satisfactory
Ponds	
Post Chlorination	Satisfactory
Dechlorination	Not applicable
Sludge Disposal	
Final Filters	
Spray/Tile Field	
Housekeeping	Satisfactory
Other:	

pH (SU)	6.95
DO (mg/l)	8.30
Temp. (deg. C)	16.5
TRC (mg/l)	2.2+
Cl2 in C.C.	Not Applicable

Remarks / Comments / Recommendations:

FACILITY APPEARS TO BE OPERATING SATISFACTORILY.

Satisfactory

Overall Rating

02/04/2005

Date: (mm/dd/yy)

1330

Entry/Exit Times

Marshall Bishop

Operator w/Inspector

BOB LATIMER

DHEC Field Inspector

PENNY CORNETT

Reviewed By

Inspection was made to determine the operating condition of the facility, and is not to be interpreted that adequate treatment is being provided.



WASTEWATER TREATMENT PLANT
FACILITY EVALUATION INSPECTION
REPORT

Low Country EQC District
104 Parker Drive
Burton, SC 29906
843-846-1030
843-846-0604 - Fax

NPDES #: ND0077828

Outfall: 001

Inspection Date: 02/04/2005

Facility Name: Spring Island
Advanced WWTF

Effective Permit Dates:
1-5/1/97-----4/30/07

Owner Name, Address and Phone:
Billy Burnett
CUC, Inc. 2109 Timberlake Dr.
Florence, SC 29506
County: Beaufort

Name and Grade of
Operator on Site:
Marshall Bishop, C-8979
Operator of Record
Billy Burnett, A-
Marshall Bishop, C-8979
Phone 843-669-0130, 987-2727,
Cell 321-0352

Field Observations

Rating

Permit	Satisfactory
Records and Reports	Satisfactory
Operator's Log	Satisfactory
Self-Monitoring	Satisfactory
Operator of Record	Satisfactory
Flow Measurement	
Bar Screen	
Grinder	
Grit Removal	
Primary Sedimentation	
Trickling Filter	
Aeration	Satisfactory
Sequential Batch Reactors (SBRs)	Satisfactory
Digester	Satisfactory
Ponds	Satisfactory
Post Chlorination	Not applicable
Dechlorination	Not Applicable
Sludge Disposal	
Final Filters	Satisfactory
Spray/Tile Field	
Housekeeping	Satisfactory
U. V. Disinfection	Satisfactory

Field Parameters

Effluent Results

pH (SU)	NO DISCHARGE
DO (mg/l)	NO DISCHARGE
Temp. (deg. C)	NO DISCHARGE
TRC (mg/l)	Not Applicable
Cl2 in C.C.	Not Applicable

Remarks / Comments / Recommendations:

NO DISCHARGE AT TIME OF INSPECTION, FACILITY APPEARS TO BE OPERATING SATISFACTORY

Satisfactory
Overall Rating

02/04/2005
Date: (mm/dd/yy)

1400
Entry/Exit Times
J. Cornett
PENNY CORNETT
Reviewed By

Marshall Bishop
Operator w/Inspector

BOB LATIMER
DHEC Field Inspector

Inspection was made to determine the operating condition of the facility, and is not to be interpreted that adequate treatment is being provided.